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SUBJECT: IRAQ-IRAN-SYRIA; TRI-BORDER AREA; GSP; ARGENTINE-VENEZUELAN  
TIES; AMBASSADOR WAYNE'S MEETING WITH ARGENTINE BUSINESSMEN;  
12/11/06; BUENOS AIRES

## 1. SUMMARY STATEMENT

Weekend stories focus on the USG's reaction to the report from the Iraq Study Group; the follow up on the US Treasury Department's designation of individuals and entities supporting Hezbollah in the Tri-Border area; the status of Argentine-Venezuelan ties; and US Ambassador Wayne's meeting with Argentine businessmen.

## 2. OPINION PIECES

- "Bush rejects a dialogue with Iran and Syria"

Daily-of-record "La Nacion's" Washington-based correspondent Hugo Alconada Mon writes (12/08) "Bothered by the pressure emerging as a result of the release of a critical report from the Iraq Study Group, President George W. Bush acknowledged yesterday that the situation there is bad, although he took distance from the two main points of the document -eventual US troop withdrawal and opening dialogue with Iran and Syria.

"During a press conference, Bush downplayed the influence of a report from the bipartisan committee, although he acknowledged that the coalition needs 'a new approach' to the occupation of Iraq.

"The US president made it clear that he would 'seriously analyze' the report, but that he would not adopt the 79 recommendations that were unanimously approved by the group...

"... Bush pointed out that he should be 'flexible and realistic' when ordering US troop movements. He also set tough conditions on establishing dialogue with Iran and Syria. He said that both countries should first stop funding Hezbollah and Hamas and, in the case of Tehran, it should relinquish its controversial nuclear program."

- "The US - the old guard is called to 'put things in order'"

Oscar Raul Cardoso, international analyst of leading "Clarín," writes (12/09) "... George W. Bush has called the most moderate and experienced conservative Republicans to get out of the chaotic situation in Iraq...

"The Iraq Study Group report recommended putting aside the current confrontation with Iran and Syria and arriving at some kind of negotiation with them, and also renewing the peace process between Israelis and Palestinians... Therefore, it raised mistrust in both the Bush administration and the influential Israeli lobby... The feeling is growing that the US is paying too high a price in the world for its growing confrontation with the Islamic world.

"... Anyway, Washington will not abandon Israel to its fate in the near future. However, a debate on the change of emphasis in the US approach to the Middle East conflict is a possibility that should not be fully dismissed."

- "AMIA - the (Argentine Government) is investigating a US designated terrorist"

Daniel Santoro, political columnist of leading "Clarín," writes (12/09) "In spite of the Argentine Government's rejection of a US report (designating nine individuals and organizations as financial supporters of Hezbollah), Lebanese Assad Barakat is being investigated by SIDE (Argentine central intelligence unit) for his alleged financial support for the attack against the AMIA headquarters."

"Barakat was designated by a US Treasury Department report as the leader of a network of financial and logistical support for Hezbollah..."

"The report was rejected by the Foreign Ministries of Argentina, Brazil and Paraguay in a joint communiqué. Defense Minister Nilda Garre said that 'intelligence services of our three countries do not have any information or assessment of terrorist activities related to Hezbollah in the region.'"

- "The US charges the Tri-Border with some 'help'"

Hugo Alconada Mon, Washington-based correspondent for daily-of-record "La Nación," writes (12/10) "According to two USG sources, the Governments of Argentina, Brazil and Paraguay were notified by the US that a network related to Hezbollah is reported to be acting on the Tri-Border area one week before the US Treasury Department made it public."

"Washington has its own 'methods' to gather intelligence information

related to the area, but it also received the cooperation of the intelligence services of the three countries to designate nine individuals and two institutions as part of the network..."

"According to one of the sources consulted by 'La Nación' in this city, 'Argentine intelligence services are very professional and we received a good deal of information from part of them.'"

- "Garre criticizes the report on the Triple Border"

Leading "Clarín" (12/08) reports "The (Argentine) Government again rejected the US Treasury Department's designation of individuals and organizations supporting Hezbollah terrorists in the Tri-border Area."

"This time, it was Argentine Defense Minister Nilda Garre who rejected the report... She said that 'the existence of direct supporters for Hezbollah 'is unknown.'"

- "Brazil joins Argentina against US report on triple border 'terrorism'"

Liberal, English-language "Buenos Aires Herald" reports (12/09) "Echoing Argentina's rejection, Brazil has rejected US sanctions against alleged terrorist fundraisers in the triple-border area..."

"The Brazilian FM announcement late on Thursday indicated that the three South American governments are unwilling to place complete trust in US assertions about the war on terror."

"Washington on Wednesday imposed sanctions on what it termed a major fundraising channel for Hezbollah in the tri-border area, focusing on nine people plus a shopping center in Paraguay and an electronics company located there..."

"... Brazil said that representatives of three countries met in Buenos Aires this week and decided there was not 'any new data or evidence that corroborates the accusation by the US.' It also said the US had failed to prove oft-repeated suggestions that the region itself is a hotbed of terrorist financing."

- "The US will maintain GSP benefits for the country"

Hugo Alconada Mon, Washington-based correspondent, writes (12/10) "Last but not least, and contradicting the alleged purpose of the US to impose sanctions on Argentina for having supported Venezuela's entry into the UN Security Council, the US Congress extended for two years the benefits allowing some Argentine products to enter the US markets without tariffs.

"Legislators extended the GSP until the end of 2008, and imposed new requisites so that the program can benefit the poorest countries of the world, although this did not affect Argentine exports."

- "In Olivos, Kirchner explained his relationship with the US to Chavez"

Daily-of-record "La Nacion's" political columnist Mariano Obarrio writes (12/09) "President Nestor Kirchner told his Venezuelan counterpart, Hugo Chavez, that 'for some time' he will have to portray their bilateral ties 'as commercial rather than political,' because the Argentine Government needs rapprochement with the USG not to jeopardize its victory in 2007 (presidential elections).

"Kirchner explained in detail the trip to be made in April by First Lady Cristina Kirchner, a potential presidential candidate, to Washington in order to get closer to the US Democratic Party.

"Instead, Kirchner guaranteed Chavez that Alicia Castro, a devoted Chavist, will continue serving as Argentine Ambassador to Venezuela. There was talk about her 'instability.' A governmental source told 'La Nacion' that 'it was a gesture; Castro is an ambassador requested by Chavez.'

"Chavez is reported to have told Kirchner the name of the new Venezuelan ambassador, Roy Chaderton, a moderate who could replace Roger Capella, who was recalled to Venezuela after a bilateral crisis that caused Luis D'Elia's resignation to his governmental position.

"... Venezuelan governmental sources have confirmed that '(Argentine-Venezuelan commercial ties are OK, although the political and diplomatic ones are not that well.'

"... Chavez is surprised by the US Ambassador, Earl Anthony Wayne, active schedule, which included visits to almost all ministers of

Kirchner.

"Argentine Government's sources confirmed to 'La Nation' that 'ties with Venezuela have been put in order,' which were altered since (Ambassador) Wayne's arrival."

- "The end of the strongest strike opened up a confrontation within the (Argentine) Government"

Marcelo Bonelli, economic columnist of leading "Clarín," comments (12/08) "... The need for structural reforms was the focus of a private meeting between businessmen, economists and US Ambassador Earl Wayne. Last week, Wayne called Antonio Estany Gendre, Alberto Grimoldi, Carlos Helbling, Miguel Kiguel, Mario Vicens and Julio Piekartz, to analyze the economic situation.

"They said that the Argentine Government is not implementing profound reforms. Economists insisted that growth is being hampered by the energy situation and the price control strategy. They were so critical that US Ambassador Wayne had to tone things down and give a more optimistic view. Before finishing, Wayne looked at them and said 'I am equally surprised. Previously, I did not expect Argentina's recovery to be sustainable.'"

### 13. EDITORIALS

- "Tri-Border is an issue of concern"

Conservative "La Prensa" (12/09) editorializes "The so-called Tri-Border area... is again an issue of concern for the Argentine

Government, which rejected a US Treasury Department designation because it contradicted a joint statement that agreed to at the beginning of the week by the members of the Three plus One Group...

"... The US Treasury Department report is specific about designating those who financially support terrorist organizations and everything indicates that the path of the money was followed in an objective way before issuing a statement... Perhaps, the Argentine Central Bank authorities and those of the involved neighboring countries should start analyzing new strategies to verify the legality of several commercial transactions in the area, as well as intensify checks on the traffic of merchandise and persons and establish a permanent state of alert by the security forces located in the area."

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WAYNE